



# MAGIC VALLEY

BLAINE, CAMAS, CASSIA, GOODING, JEROME, LINCOLN, MINIDOKA, & TWIN FALLS COUNTIES

## EMPLOYMENT TRENDS

2002 was a very good year for the Magic Valley economy despite a great deal of outside recessionary pressure on a statewide and national basis. Estimated annual average unemployment for the Magic Valley Labor Market Area (LMA)—Gooding, Jerome, and Twin Falls Counties—was 3.9 percent as shown in Magic Valley Table 1. This is one-tenth of a percentage point lower than the 2001 rate of 4.0 percent. This was accomplished by a 3.1 percent increase in the *Civilian Labor Force* coupled with a small increase in unemployment from 2001. This low unemployment rate and the downward trend was opposite of most areas in the state that showed an upward trend in unemployment in 2002.

The trends in 2002 *Nonfarm Payroll Jobs* show that there was robust growth in the first half of 2002, but by the end of the third quarter job growth was flattening. In the fourth quarter the trends moved slightly downward as the economy showed signs of cooling and employers showed more caution in new hiring. The sectors that showed increases year-over-year were *Manufacturing-Durable Goods* and *Services* with gains of 11.2 percent and 8.0 percent, respectively. Sectors of interest that showed downward trends in 2002 were *Mining & Construction*, *Manufacturing-Nondurable Goods*, *Retail Trade*, and *Government-Education* with decreases of 5.3 percent, 1.2 percent, 1.1 percent, and 4.1 percent, respectively. *Mining & Construction* decreases were due to a drop off in heavy construction. Many road and commercial building projects wrapped up early in the year and so numbers were off slightly. The downward trend in heavy construction was offset somewhat by new home construction, espe-

Magic Valley Table 1: Labor Force & Employment  
Twin Falls, Jerome, and Gooding Counties

	Projected 2002	2001	% Change From Last Year
INDIVIDUALS BY PLACE OF RESIDENCE			
Civilian Labor Force	50,360	48,690	3.1
Unemployed	1,980	1,950	1.5
% of Labor Force Unemployed	3.9	4.0	
Total Employment	48,380	46,740	3.2
JOBS BY PLACE OF WORK			
<b>Nonfarm Payroll Jobs**</b>	39,030	38,720	0.8
<b>Goods-Producing Industries</b>	7,030	7,080	-0.7
Mining & Construction	1,790	1,890	-5.3
Manufacturing	5,240	5,190	1.0
Durable Goods	990	890	11.2
Nondurable Goods	4,250	4,300	-1.2
Food Processing	3,220	3,310	-2.7
Other Durable Goods	1,030	990	4.0
<b>Service-Producing Industries</b>	32,000	31,640	1.1
Transportation, Comm., & Utilities	2,690	2,720	-1.1
Wholesale Trade	2,310	2,290	0.9
Retail Trade	8,050	8,140	-1.1
Finance, Insurance & Real Estate	1,310	1,390	-5.8
Services	10,300	9,540	8.0
Government Administration	3,820	3,890	-1.8
Government Education	3,520	3,670	-4.1

\*\*Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month.

cially in Twin Falls County. Twin Falls set a record in 2001 for new housing starts and was on record pace in 2002, and this type of construction helped balance out the overall trend. The slight drop off in the *Retail Trade* sector is noteworthy because it had been a high growth sector in the past few years. Although new retail businesses came to town, existing employers were cautious in hiring new workers, choosing to expand existing employees' hours instead. The downward trend in *Government-Education* is a result of serious state revenue shortfalls in 2002. Many school districts had to cut some teaching positions and eliminate many related positions such as clerical and teacher's aide jobs.

Overall, however, 2002 was a good year for the Magic Valley LMA. The agricultural sector had a better-than-average year regarding prices in most commodities, and water levels were adequate for the crop year. The dairy sector experienced lower prices, but remained steady in em-

ployment. Food processing continued to be steady in the western Magic Valley; however, the announcement in May 2002 that the J.R. Simplot potato processing plant in Heyburn would close in April 2004 sent shock waves throughout South Central Idaho. Not only will nearly 600 people eventually lose their jobs, but nearly 24,000 acres of potatoes will be affected. Growers will either have to sell potatoes on the open market or convert to a different crop mix. The estimated impact on the Mini-Cassia economy is expected to be close to \$100 million per year. This could impact the Magic Valley LMA, but thus far has not caused major problems in the western Magic Valley as far as consumer spending and unemployment is concerned. The year 2002 also saw the opening of the Dell Computer Company's consumer technical support center in Twin Falls, and virtually overnight a burgeoning technology sector was born in South Central Idaho. Dell originally hired 120 workers beginning in January 2002 and by December its staffing levels reached nearly 750 workers. The Dell jobs were a significant contribution to the low unemployment rates in the area and improved wage levels. Other employers such as Solo Cup and WestFarm Foods, Inc. announced expansion plans and intentions to hire additional workers. WOW Logistics, Inc., a Wisconsin company, built a 250,000-square-foot warehouse in Jerome, hired approximately ten workers, and is expected to expand. Ten new retail, restaurant, and financial businesses opened in the new Canyon Rim retail development, hiring hundreds of new workers.

It is not an exaggeration to say that the Magic Valley was a bright spot and an economic leader in the state of Idaho in 2002. Low unemployment and modest job growth were the opposite of statewide and nationwide trends. The outlook for 2003 is somewhat uncertain. There is a serious need for significant winter snows to ensure that there will be adequate water for the crop year. If water is adequate, agriculture should be average in 2003; the effect of the Simplot closure will be a probable drag to this sector. New job creation will probably continue to slow in the *Retail* sector since much retail expansion took place in 2002 and not a lot of new projects are on the horizon for 2003, whereas the *Services* sector may show some modest gains, possibly in the medical sector. Employers will be cautious hiring new employees in most sectors; much will depend on the rebound of the national economy and an improving stock market. Consumer confidence should remain fairly high in the western Magic Valley, but will deteriorate in the Mini-Cassia area as unemployment rates rise in that economy. Travel and tourism should be average. The

Sun Valley resort was able to open two days early and has had a significant increase in the number of tourists skiing in the area so far. If the weather cooperates throughout the winter, the Sun Valley economy should be better than in 2001. In the Magic Valley tourism is expected to be average.

Continued state revenue shortfalls are expected to continue, at least through the first half of 2003, and this will continue to have an impact on government jobs. Though it is expected that unemployment will rise slightly in the Magic Valley, it should not rise above 4.5 percent. Unemployment may reach double-digits in the Mini-Cassia area, and it is already over 7.0 percent. In summary, job growth is expected to flatten out and unemployment rise slightly, however, the Magic Valley economy should continue as a leader in the state, and should be poised for robust growth as state and national economies improve.

## AREA DEVELOPMENTS

### Twin Falls County

- Dell Computer Company opened its new computer technical support center in Twin Falls and held its grand opening in February at its new location in the Albertson Building on Pole Line Road in Twin Falls. Governor Dirk Kempthorne, Department of Labor Director Roger Madsen, and Department of Commerce Director Gary Mahn, along with many state and local officials, attended the event. Dell initially hired 120 workers in January; Dell now has 750 employees. Dell also diversified and formed Consumer Advocacy Groups (CAG) where workers help customers with such issues as billing problems, charging, and timely delivery. This makes Dell a strong player in the Twin Falls economy and one of the largest employers in the area with approximately 150 CAG workers in addition to the 600 consumer-technical support employees. Dell reports extreme satisfaction with South Central Idaho workers.
- A new Walgreen's store opened in Twin Falls in November. The new store, located at the corner of Heyburn Street and Blue Lakes Boulevard, hired approximately 40 new employees. Walgreen's used Magic Valley Job Service's facilities for its initial hiring.
- The North Canyon Rim Project on the Twin Falls side of the canyon opened this year with many retailers, restaurants, and financial institutions. The new retailers are Old Navy, T.J. Maxx, Famous Footwear, and Michaels. The new restaurants include the International House of Pancakes. Johnny Carino's Country Italian Restau-

rant, and Outback Steakhouse. Zion's National Bank opened a full-service branch banking office on the canyon rim in November. From all of these retailers, over 200 new jobs were created in 2002, and this helped Twin Falls solidify itself as a retail hub and shopping destination. A Golden Corral Restaurant will also open soon at this location.

- Snake River Pool & Spa celebrated the grand opening of its new 4,500-square-foot showroom and customer service center located near its old location on Blue Lakes Boulevard North. For 20 years, Snake River Pool & Spa operated from a converted house. The new facility also has an extra 1,500-square-foot area that houses a new Papa John's Pizza.
- Andersen Lumber Company in Twin Falls announced its immediate closure in December 2002. The long-time Twin Falls business had built a new retail center in the late 1990's, but closed the facility in late 2001. The original retail closure affected approximately 80 full- and part-time workers, but the company kept its lumberyard open until the final closure this month. The lumberyard closure affected another 20 employees

#### **Blaine, Camas, Gooding, Jerome, and Lincoln Counties**

- The Sun Valley Company opened the resort two days prior to Thanksgiving for the first time in several years. The combination of good mountain snows and cold weather for their snowmaking machines made the early opening possible. Sun Valley counted 29,264 skiers from November 26 to December 15. This was up considerably from the 25,778 skiers reported for the same time period in 2001. If weather conditions persist and bookings continue, the outlook for the 2002-2003 ski season remains strong with new and varied tourism packages that have been very successful.
- On December 15, 2002, the first non-stop flight between Hailey and Los Angeles took place. This flight will be useful both for business commuters and tourists. The City of Hailey obtained a \$600,000 travel grant from the U.S. Department of Transportation to help with airport improvements.
- WOW Logistics, Inc., held a groundbreaking ceremony in the spring of 2002 for its new 250,000-square-foot facility near Jerome Cheese in the Jerome Industrial Park. Governor Dirk Kempthorne, Department of Labor Director Roger Madsen, and Department of Commerce Director

Gary Mahn along with many legislators and local officials attended. WOW Logistics used the Magic Valley Job Service facilities to hire its initial staff.

- The cities of Jerome and Hagerman were recently awarded \$420,000 in economic development grants. These grants were part of \$1.6 million in grants statewide announced by Governor Dirk Kempthorne. The City of Jerome received \$199,000 in federal funds to build sewer and water loops to serve WOW Logistic, Inc.'s new distribution warehouse. WOW's \$6.4 million facility will eventually employ approximately 20 people and new industrial sites will be developed allowing the city to meet its economic development objectives. The City of Hagerman received \$220,000 to help improve the downtown area and expand a local grocery store, creating 15 new jobs. The city will demolish hazardous buildings and will build a public parking lot that will accommodate RV parking.
- The Walker Center in Gooding broke ground on a new housing facility to be completed by March 2003, which will accommodate up to 32 adults and 16 adolescents. The \$4.5 million project is being financed in part by a \$1 million guaranteed loan from the U.S. Department of Agriculture's Rural Development Fund, a \$1 million donation from Archie and Amy Walker, and a \$363,000 Community Development Block Grant secured by the City of Gooding based upon the 44 jobs the facility will create.
- Tele-Servicing Innovations, Inc. (TSI) in Jerome announced the closure of its call center facility. The facility opened in August 2001. The company cited slower-than-expected national economic recovery as the reason for its closure, which affected approximately 50 workers.

#### **Cassia and Minidoka Counties**

- A late Christmas "miracle" took place this year for former TSI workers. Late in November Tele-Servicing Innovations, Inc. decided that it could no longer keep its doors open due to cash flow difficulties and that 51 workers would need to find new jobs. Fortunately, former Mini-Cassia resident Korey Thurston was spending Thanksgiving with his family in the area, heard about the closure, and decided that the TSI workforce was just what he needed in his business, Marketing Solutions International, Inc., headquartered in St. George, Utah. Within a few days, Thurston hired at least 40 of the displaced employees who began

work immediately. The workers did not have to move as they are working at the same location.

- McCain Foods USA remodeled its two potato processing plants outside of Burley, which included a new design upgrade and new processing equipment. The project improved product flows and product quality. The company also constructed a new lunchroom facility for its employees.
- The Mini-Cassia Development Commission sponsored a two-day dairy tour and presentation regarding the feasibility of the Mini-Cassia area accommodating dairies to help alleviate the stress and economic impact of the Simplot closure. The group toured the Midway Dairy near Raft River and the Whiteside Dairy between Minidoka and Acequia. Terry R. Smith of Dairy Strategies, LLC in Madison, Wisconsin, presented a report on the economic impact of new dairies and milk processing plants in Minidoka and Cassia Counties, which stated that 20 dairies with a cash investment of \$243 million would result in approximately 35 jobs per dairy at an average wage of \$22,000 per year. The report also stated that the dairy expansion would more than compensate for the projected job losses and economic impact of the Simplot closure, and would lead to long-term growth and economic strength in the area.
- The Burley Kmart closed permanently in May. This closure displaced over 75 full- and part-time workers. Most of the employees worked until the closure. Real estate agents are looking to place a new business tenant in the 91,266-square-foot building and are hopeful that the empty store will be a useful economic development tool to attract new businesses into the Mini-Cassia area.
- Kraft Foods North America, Inc. in Rupert announced that it would permanently reduce its workforce by 50 full-time employees—this would reduce its workforce from 130 to 80 workers. According to a company statement, "... the decision is due primarily to excess manufacturing capacity at our Rupert plant." The plant makes only Philadelphia Cream Cheese and Philadelphia Neufchatel Cream Cheese and will continue to do so. The reduction in force took place in mid-November. The employees received severance packages commensurate with their company tenure.
- In May, the J.R. Simplot Company announced that it would be permanently closing its Heyburn

facility by April 2004. At the time of the announcement, 649 workers were employed at the plant. The Idaho Departments of Labor, Health and Welfare, and Commerce, along with the College of Southern Idaho, Region IV Development Association, and other local agencies, formed a Rapid Response Team to quickly assist workers that would be displaced. In August, Governor Dirk Kempthorne announced the awarding of a \$4.9 million National Emergency Grant from the federal government and approval of a Trade Act petition, which will help displaced workers with reemployment services. At the end of October, 168 workers were laid off; the remaining layoffs will occur at closure. This was a devastating blow to the Mini-Cassia economy with an estimated annual payroll of approximately \$25 million. Along with the layoffs is the uncertainty of what will happen to the nearly 24,000 acres of potatoes Simplot uses yearly. Farmers will have to make decisions regarding their crop mix in the future. Using a money multiplier of 2.2 and a job multiplier of 2.0 jobs lost for every one job lost at Simplot, it is expected that the annual dollar impact to the Mini-Cassia economy may be nearly \$1 million annually and the initial job loss could total 1,500 in the area.

- The Mini-Cassia Chamber of Commerce voted to join the Southern Idaho Economic Development Organization to make a regional effort in economic development. The Mini-Cassia Development Commission is a subcommittee of the Mini-Cassia Chamber of Commerce. The \$20,000 fee was raised by local businesses, especially First Federal Savings Bank, which matched funds up to \$10,000, and the goal was exceeded. This move will provide assistance to the Mini-Cassia area to promote itself as a great place to live and work.

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Gregory Rogers, Regional Labor Economist  
771 N. College Road, Twin Falls, ID 83303  
(208) 735-2500, ext. 3639  
E-mail: grogers@jobservice.us